

09 October 2007

EXCLUSIVE LICENSE

Between

SAGE INTERNATIONAL, LTD.

And

UNITED STATES DEPARTMENT OF THE NAVY

At

NAVAL SURFACE WARFARE CENTER

CRANE DIVISION

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PREAMBLE

This exclusive patent license agreement (hereinafter called "LICENSE") is made and entered into by and between the United States Department of the Navy as represented by the (hereinafter called "LICENSOR"), and SAGE INTERNATIONAL, LTD. (hereinafter called "LICENSEE") whose headquarters are located at 3391 East Eberhardt Street, Oscoda, Michigan 48750.

WITNESSETH:

(1) WHEREAS Title 35 of the United States Code, section 207, authorizes Federal agencies to license their patents; and

(2) WHEREAS Title 37 of the Code of Federal Regulations, Chapter IV, Part 404 entitled "Licensing of Government Owned Inventions" sets forth the terms and conditions under which licenses may be granted; and

(3) WHEREAS the above-cited authorities provide that licensing of Federal Government inventions will best serve the interests of the Government and the public when utilization of such inventions is promoted and such inventions are brought to PRACTICAL APPLICATION; and

(4) WHEREAS LICENSOR has an assignment of title to the invention disclosed and claimed in U.S. Patent No. 6,839,998 issued on January 11, 2005, for " Replacement Chassis Stock System for Firearms "; and

(5) WHEREAS LICENSOR has published in the *Federal Register* October 6, 2005 the availability of a license under U.S. Patent No. 6,839,998.

(6) WHEREAS LICENSEE has supplied LICENSOR with a plan for development and marketing of this invention that is hereby incorporated into this LICENSE as Appendix A, and has expressed its intention to carry out this plan upon the granting of this LICENSE; and

(7) WHEREAS LICENSEE has agreed that any products embodying this invention or produced through the use of this invention for use or sale in the UNITED STATES will be manufactured substantially in the UNITED STATES; and

(8) WHEREAS LICENSOR has published in the *Federal Register* May 31, 2007 notice of its intention to grant this LICENSE under U.S. Patent No. 6,839,998 to LICENSEE, and has provided the public with an opportunity for filing written objections; and

(9) WHEREAS LICENSOR:

(a) has determined that the interest of the Federal Government and the public will best be served by the proposed license, in view of LICENSEE's intentions, plans, and ability

to bring the invention described and claimed in U.S. Patent No. 6,839,998 to PRACTICAL APPLICATION or otherwise promote the invention's utilization by the public;

(b) has determined that the desired PRACTICAL APPLICATION has not been achieved, or is not likely expeditiously to be achieved, under any non-exclusive license that has been granted, or which may be granted, on the invention;

(c) has determined that exclusive licensing is a reasonable and necessary incentive to call forth the investment of risk capital and expenditures to bring the invention to PRACTICAL APPLICATION or otherwise promote the invention's utilization by the public;

(d) has determined that the proposed terms and scope of exclusivity are not greater than reasonably necessary to provide the incentive for bringing the invention to PRACTICAL APPLICATION or otherwise promote the invention's utilization by the public; and

(e) has not determined that the grant of this LICENSE will tend substantially to lessen competition or result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates or to create or maintain other situations inconsistent with the antitrust laws; and

(10) WHEREAS LICENSOR has considered the capabilities of LICENSEE to bring the invention to PRACTICAL APPLICATION and has found that LICENSEE is a responsible party for negotiating this LICENSE on terms and conditions most favorable to the public interest and that to grant this exclusive LICENSE would be in the public interest;

NOW, THEREFORE, in accordance with and to the extent provided by the aforementioned authorities and in consideration of the foregoing premises and of the covenants and obligations hereinafter set forth to be well and truly performed, and other good and valuable consideration, the parties hereto agree to the foregoing and as follows.

Article 1. DEFINITIONS

The following definitions shall apply to the defined words where such words are used in this LICENSE.

1.1 “AFFILIATE” shall mean any company, corporation, association or other business entity in which LICENSEE owns directly or indirectly a controlling interest.

1.2 “COMMERCIAL DEVELOPMENT PLAN” shall mean the plan for development and marketing submitted by LICENSEE in LICENSEE’S Application for License, with all its attachments and amendments incorporated into this LICENSE as Appendix A.

1.3 “EFFECTIVE DATE” shall mean the date of the last signature of the signatories executing this LICENSE.

1.4 "LICENSED INVENTION" means any of the inventions claimed in the LICENSED PATENT.

1.5 "LICENSED PATENT" means U.S. Patent 6,839,998, entitled Replacement Chassis Stock System for Firearms issued January 11, 2005 to David Armstrong, and any patent issuing thereon and any re-issue, continuation, or division thereof (to the extent that the inventions in those applications are claimed in the parent application on the EFFECTIVE DATE of the LICENSE) and any foreign counterparts filed or issued in the LICENSED TERRITORY.

1.6 "LICENSED TERRITORY" shall mean those geographic locations listed in the attached Appendix B.

1.7 "NET SELLING PRICE" shall mean the invoice price of the ROYALTY-BEARING PRODUCT sold by LICENSEE and its AFFILIATES or SUBLICENSEES and not returned. A ROYALTY-BEARING PRODUCT will be considered to be sold when shipped or delivered to a customer. NET SELLING PRICE does not include (i) customary trade, quantity, or cash discounts to the extent actually allowed and taken; (ii) to the extent separately stated on invoices, taxes levied on the production, sale, transportation, delivery or use of a ROYALTY-BEARING PRODUCT paid by LICENSEE; and (iii) to the extent separately stated on invoices, outbound transportation costs.

1.8 "NET SALES" shall mean the gross amount billed by LICENSEE and its AFFILIATES and SUBLICENSEES for the ROYALTY-BEARING PRODUCT sold by LICENSEE, its AFFILIATES or SUBLICENSEES, respectively. NET SALES do not include (i) customary trade, quantity, or cash discounts to the extent actually allowed and taken; (ii) to the extent separately stated on invoices, taxes levied on the production, sale, transportation, delivery or use of a ROYALTY-BEARING PRODUCT paid by LICENSEE; and (iii) to the extent separately stated on invoices, outbound transportation costs.

1.9 "PRACTICAL APPLICATION" means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system, and, in each case under such conditions as to establish that the LICENSED INVENTION is being utilized and that its benefits are to the extent permitted by law and Government regulations available to the public on reasonable terms.

1.10 "REPORTING PERIOD" shall begin on the first day of each calendar quarter and end on the last day of such calendar quarter.

1.11 "ROYALTY-BEARING PRODUCT" means any product that, in whole or in part, is made or used according to, embodies, or is produced through the application of an invention described in any claim of the LICENSED PATENTS.

1.12 "TO PRACTICE THE LICENSED INVENTION" means to make, have made, use, sell, offer to sell, import, lease, or otherwise dispose of according to law any machine, article of manufacture, composition of matter, or process physically embodying or made according to a LICENSED INVENTION by or on behalf of LICENSEE.

1.13 “UNITED STATES” means the United States of America, its territories and possessions, the District of Columbia, and the Commonwealth of Puerto Rico.

1.14 “PARTIALLY EXCLUSIVE” means exclusive within field of use, geographic area, or both, as set forth in Article 2, below.

Article 2. LICENSE GRANT

2.1 LICENSOR grants to LICENSEE an exclusive right and license TO PRACTICE THE LICENSED INVENTION for each LICENSED PATENT throughout the LICENSED TERRITORY for all fields of use until the expiration of the LICENSED PATENT commencing on the EFFECTIVE DATE of the LICENSE, unless the LICENSE is sooner modified or terminated in whole or in part. Except as provided herein, the LICENSE is not transferable or assignable and does not grant LICENSEE the right to sublicense the LICENSED INVENTION.

2.2 LICENSOR hereby grants to LICENSEE the right to extend the LICENSE granted hereunder to one or more AFFILIATES subject to the terms and conditions hereof, provided that the AFFILIATE is not directly or indirectly controlled by a foreign company, corporation, association, business or government.

2.3 The LICENSE is nonassignable without written approval of LICENSOR, which shall not be unreasonably withheld, except to the successor of that part of LICENSEE'S business to which this LICENSED INVENTION pertains, provided that the successor is not directly or indirectly controlled by a foreign company, corporation, association, business or government.

Article 3. LICENSEE’S PERFORMANCE

3.1 LICENSEE agrees to carry out the COMMERCIAL DEVELOPMENT PLAN to bring the LICENSED INVENTION to PRACTICAL APPLICATION as indicated by the LICENSEE’s Application for License dated May 4, 2006. LICENSEE will, thereafter, continue to make the benefits of the LICENSED INVENTION reasonably accessible to the public for the remainder of the period of the LICENSE.

3.2 LICENSEE agrees that during the period of the LICENSE any products embodying a LICENSED INVENTION or produced through the use of a LICENSED INVENTION for use or sale by LICENSEE or its sublicensees in the UNITED STATES will be manufactured substantially in the UNITED STATES.

3.3 LICENSEE agrees to report promptly to LICENSOR any changes in mailing address, name or company affiliation during the period of the LICENSE.

3.4 LICENSEE agrees to report within thirty (30) days discontinuance of LICENSEE'S making the benefits of the LICENSED INVENTION reasonably accessible to the UNITED STATES public.

Article 4. ROYALTIES AND OTHER CONSIDERATION

4.1. License Issue Fee

LICENSEE shall pay to LICENSOR a non-refundable license issue fee in the amount of five thousand dollars (\$5,000.00) payable upon the EFFECTIVE DATE of the LICENSE.

4.2 Running Royalties

LICENSEE shall pay royalties to LICENSOR of three percent (3.0%) of the NET SELLING PRICE for each ROYALTY-BEARING PRODUCT made, used, or sold by LICENSEE, its licensed AFFILIATES, or its sublicensees in the LICENSED TERRITORY commencing on the EFFECTIVE DATE until the expiration of this LICENSE. Royalties will not be paid to LICENSOR, nor shall they be charged or collected, on items sold directly to instrumentalities of the U.S. Government or for known and verifiable U.S. Government end use. Such sales of ROYALTY-BEARING PRODUCT with established list or catalog prices shall have their prices reduced by an amount equal to that part of the established price attributable to the royalty. On sales made between LICENSEE and its AFFILIATES or sublicensees for resale, the royalty shall be paid on the highest NET SELLING PRICE among such sales.

4.3 Annual License Fee

In addition to the foregoing provision for the payment of running royalties on the NET SELLING PRICE, LICENSEE agrees to pay an annual guaranteed minimum license fee of three thousand dollars (\$3,000.00) for calendar year 2008 due December 1, 2007. Beginning with 2008, and each calendar year thereafter throughout the LICENSE, the annual license shall be the larger of either three thousand dollars (\$3,000.00) or one half (rounded up to the next one hundred dollars) of the actual royalty accrued for the previous year. The annual license fee for each calendar year shall be paid on or before September 1 of the preceding calendar year and will be credited toward any payment of running royalties to accrue during the calendar year following payment. Such annual license fee payments are not refundable in whole or in part, and unapplied credits will not carry forward into subsequent calendar years. LICENSEE agrees to pay at least an annual license of three thousand dollars (\$3,000.00) for calendar year 2008, payable on or before December 1, 2007.

4.4 Sublicense Fees

LICENSEE shall pay to LICENSOR one-half (1/2) of all consideration including but not limited to license fees, milestone payments, license maintenance fees, up front fees, one-time royalties and other payments collected under any sublicense, but excluding royalties on NET SALES. Sublicense fees are in addition to and not in lieu of royalties otherwise payable by LICENSEE to the LICENSOR. All NET SALES occurring under any sublicense shall be reported to LICENSOR, in accordance with Article 7 and LICENSEE shall pay royalties to LICENSOR on all NET SALES due under any sublicense to LICENSOR in accordance with Section 4.2.

4.5 Maintenance Payments

LICENSEE shall pay to the LICENSOR future maintenance fee costs as prescribed in the United States Patent and Trademark Office fee schedule in effect when the patent maintenance fee payment is payable. In particular, the LICENSEE shall pay to the LICENSOR maintenance fees as described above on or before the following dates:

January 11, 2008.

January 11, 2012.

January 11, 2016.

LICENSOR agrees to use such maintenance fee funds received from LICENSEE, to maintain the licensed patent in the U.S. Patent and Trademark Office on the required dates for payment of maintenance fees.

Payment of maintenance fees as described above shall be made payable and to the address as specified in the payment provisions of this agreement in Article 4.6, Method of Payment. LICENSEE shall include a cover letter with maintenance fee payments specifically identifying the enclosed payment as a patent maintenance fee payment that must be deposited to NSWC, Crane Division, United States Patent and Trademark Office deposit account, presently 50-1488, for purposes of payment of maintenance fees. LICENSOR further will send an information copy of this cover letter to NSWC, Crane Division, Office of Counsel at the following address:

NSWC, Crane Division
300 HWY 361, Bldg 2, OOL
Crane, IN 47522

4.6 Method of Payment

LICENSEE shall send to LICENSOR all running royalties that accrue during the REPORTING PERIOD, less the minimum annual license fee paid for that year, within 45 calendar days of the end of the REPORTING PERIOD. The final royalty payment shall be due within sixty (60) days of expiration or termination of the LICENSE. All royalty payments shall be accompanied by a sales report, in accordance with Article 7.

All payments due LICENSOR under the LICENSE shall be made payable in UNITED STATES dollars to:

US Treasury

and mailed to:

Office of Naval Research
Office of Corporate Counsel (ONR BDCC)
One Liberty Center, Room 518
875 North Randolph Street
Arlington, VA 22203-1995

Conversion of foreign currency to U.S. dollars shall be made at the conversion rate existing in the UNITED STATES, as reported in the *Wall Street Journal*, on the last working date of the applicable REPORTING PERIOD. Such payments shall be without deduction of exchange, collection, or other charges, and specifically, without deduction of withholding or similar taxes or other government-imposed fees or taxes, except as permitted in the definition of NET SELLING PRICE.

4.7 Late Payments

Payments made by LICENSEE after the due date shall include a surcharge of two percent (2%) and interest at the rate of one and one-half percent (1.5%) per month or part month late. Further, if the annual license fee is not paid within two months of the due date, together with any surcharge and interest due, this LICENSE may be terminated by LICENSOR, in accordance with Article 8.

4.8 Retention of Records

LICENSEE agrees to make and keep, and shall require its AFFILIATES and sublicensees to make and keep, full, accurate and complete books and records (together with supporting documentation) as are necessary to establish its compliance with Article 4. Such records shall be retained for at least three (3) years following the end of the calendar year to which they relate.

4.9 Audits

LICENSEE agrees that LICENSOR may, once per year, upon the giving of reasonable notice and during normal business hours, have a duly authorized agent or representative in LICENSOR's behalf examine all books and records and supporting documentation described in the preceding section, either at LICENSEE'S business premises or at a place mutually agreed upon by LICENSEE and LICENSOR for the sole purpose of verifying reports and payments hereunder for the two years preceding such audit and further back if the LICENSOR suspects irregularities in bookkeeping practices. In conducting examinations pursuant to this paragraph, LICENSOR's representative shall have access to all records that LICENSOR reasonably believes to be relevant to the calculation of royalties under Article 4. If a royalty overpayment is detected, the LICENSEE shall be entitled to deduct such overpayment from a future royalty payment. If a royalty payment deficiency is determined, LICENSEE shall pay the royalty deficiency outstanding within thirty (30) days of receiving written notice thereof. Payments made by LICENSEE after the due date shall include interest at the rate of one and one-

half percent (1.5%) per month or part month late, plus a two percent (2%) surcharge. Such examination by LICENSOR's representative shall be at LICENSOR's expense, except that, if such examination shows an underreporting or underpayment in excess of five percent (5%) for any twelve (12) month period, then LICENSEE shall pay the cost of such examination.

Article 5. PATENT MARKING AND NONENDORSEMENT

LICENSEE hereby agrees to mark each ROYALTY-BEARING PRODUCT under this LICENSE (or when the character of the product precludes marking, the package containing any such ROYALTY-BEARING PRODUCT) with the notation "Licensed under U.S. Patent No. 6,839,998 issued to the United States of America, as represented by the Secretary of the Navy." LICENSEE agrees not to create the appearance that LICENSOR endorses LICENSEE'S business or products.

Article 6. REPRESENTATIONS, WARRANTIES, AND ACKNOWLEDGMENTS

6.1 LICENSOR makes no warranties or representations of any kind or nature regarding the patentability of any LICENSED INVENTION or the validity, scope, or enforceability of the LICENSED PATENT, or any claims therein.

6.2 LICENSOR makes no warranties or representations of any kind or nature with respect to the practice, including but not limited to freedom to operate, of any LICENSED INVENTION or regarding any ROYALTY-BEARING PRODUCT, nor assumes any liability therefore.

6.3 Neither the grant of this LICENSE nor anything contained in or related to the grant of this LICENSE is intended nor shall be construed to confer upon LICENSEE or any other person immunity from or defenses under the antitrust laws, a charge of patent misuse, or any other provision of law (of any jurisdiction) by reason of the source of the grant or otherwise.

6.4 Neither this LICENSE nor anything contained herein is intended nor shall be construed to grant to LICENSEE any kind or nature of rights in any inventions or patents other than the LICENSED INVENTION and the LICENSED PATENT.

6.5 LICENSEE acknowledges that it is subject to and shall comply with all applicable UNITED STATES laws, regulations, and Executive orders, pertaining to exporting from the UNITED STATES. LICENSEE shall not export, or assist others in the export, of any ROYALTY-BEARING PRODUCT or information related to the practice of the LICENSED INVENTION without first having, solely at its own expense, identified and obtained all required export licenses and authorizations.

Article 7. REPORTS

7.1 Sales Reports

LICENSEE shall submit a quarterly sales report detailing the sales activity of ROYALTY-BEARING PRODUCTS during the preceding calendar quarter to include: dates of sales; quantities sold; NET SELLING PRICE; and, the total amount of royalties paid for the quarter. The quarterly sales report shall be submitted, regardless of the volume of sales, with any royalty payments due in accordance with Article 4. A final sales report is due sixty (60) days after the expiration or termination of this LICENSE.

7.2 Method of Reporting

All reports shall be submitted to:

Office of Naval Research
Office of Corporate Counsel (ONR BDCC)
One Liberty Center, Room 518
875 North Randolph Street
Arlington, VA 22203-1995

with a copy of each report to:

Office of Counsel
NSWC, Crane Division
300 HWY 361, Bldg 2, OOL
Crane, IN 47522

Article 8. MODIFICATION AND TERMINATION

8.1 Termination or Modification by Mutual Agreement

Any modification or termination of this LICENSE by mutual agreement shall be evidenced in writing and signed by both parties.

8.2 Termination by LICENSOR

LICENSOR may terminate this LICENSE, in whole or in part, if:

(a) LICENSEE is not executing the COMMERCIAL DEVELOPMENT PLAN;

(b) LICENSOR determines that such action is necessary to meet requirements for public use as specified in Federal regulations issued after the date of this LICENSE and such requirements are not reasonably being satisfied by LICENSEE;

(c) LICENSEE willfully made a false statement of or willfully omitted a material fact in its application for license or in any report required by this LICENSE;

(d) LICENSEE has been found by a court of competent jurisdiction to have violated Federal antitrust laws or any other provision of law in connection with its performance under this LICENSE;

(e) LICENSEE commits a material breach of a covenant contained in this LICENSE, including but not limited to the covenants in Article 3; other than a breach resulting in automatic termination, as set forth in Article 8.5 below; or,

(f) LICENSEE defaults in the payment of any amount due to LICENSOR and fails to cure such default within thirty (30) calendar days after the date of written notice thereof from LICENSOR.

8.3 Procedures for Termination by LICENSOR

8.3.1 Before terminating this LICENSE, in whole or in part, for any reason other than by mutual agreement or under the automatic termination provisions, LICENSOR shall furnish LICENSEE and each sublicensee of record a written notice of intention to terminate stating the reason(s) therefor. LICENSEE and any sublicensee shall be allowed thirty calendar (30) days after the date of the notice (or such other period as may be agreed to by the parties) to remedy any deficiency stated in the notice as the reason for termination or to show cause why this LICENSE should not be terminated.

8.3.2 After the expiration of thirty (30) calendar days following the date of the notice, LICENSOR shall consider any matter submitted by LICENSEE and any sublicensees and provide a written determination about termination of the LICENSE to LICENSEE and all sublicensees.

8.3.3 LICENSEE has a right to appeal, in accordance with procedures prescribed by the Chief of Naval Research, any decision or determination of LICENSOR concerning the interpretation, modification, and/or termination (in whole or in part) of this LICENSE.

8.4 Termination by LICENSEE

LICENSEE may terminate this LICENSE by providing a written notice of termination to LICENSOR. LICENSEE's written notice must include LICENSEE's statement that neither LICENSEE nor its sublicensees will PRACTICE THE LICENSED INVENTION after the LICENSE terminates. LICENSEE's written notice shall specify the EFFECTIVE DATE of termination.

8.5 Automatic Termination

This LICENSE shall automatically terminate at midnight on December 31 if the minimum annual license fee for the following calendar year, together with any interest and surcharge that may be due as prescribed in Article 4, have not been paid.

Article 9. NOTICES

9.1 All notices required under this LICENSE shall be considered timely made if properly addressed and sent via commercial overnight delivery service or Express Mail by the due date.

9.2 All communications and notices required to be made to LICENSOR shall be addressed as follows:

Patent Counsel of the Navy
Office of Naval Research
One Liberty Center, Room 518
875 North Randolph Street
Arlington, Virginia 22203-1995

With a copy of such correspondence to
Office of Counsel
NSWC, Crane Division
300 HWY 361, Bldg 2, OOL
Crane, IN 47522

9.3 All communications and notices required to be made to LICENSEE shall be addressed as follows:

(b)(6)

Sage International, Ltd.
3391 East Eberhardt Street
Oscoda, MI 48750

Article 10. SUBLICENSING

10.1 During the term of this LICENSE, LICENSEE may grant sublicenses upon such terms and conditions that LICENSEE may negotiate with its sublicensee(s) subject to the following requirements and restrictions:

(a) LICENSEE shall obtain the advance written approval of LICENSOR for each sublicense that LICENSEE desires to grant, and any sublicense granted by LICENSEE that does not comply with this requirement shall be voidable at the sole option of LICENSOR.

(b) LICENSEE shall ensure that each sublicense shall be in writing and make express reference to this LICENSE and the rights retained by LICENSOR.

(c) LICENSEE shall ensure that nothing in any sublicense derogates any provision of this LICENSE, and that no provision of any sublicense is contrary to any applicable law or regulation.

(d) LICENSEE shall ensure that each sublicense includes a provision that the sublicense shall be automatically modified and/or terminated in consonance with any modification or termination of this LICENSE.

(e) Within thirty (30) calendar days after the issuance or modification of any sublicense hereunder, LICENSEE shall furnish LICENSOR with an exact copy of the sublicense or modification thereof.

10.2 The granting of any sublicense by LICENSEE shall in no way relieve LICENSEE from any of the requirements or restrictions of this LICENSE.

Article 11. RESERVATION OF RIGHTS

11.1 LICENSOR has the right to require LICENSEE to promptly grant sublicenses to responsible applicants on reasonable terms when necessary to fulfill health and safety needs of the public to the extent such needs are not being reasonably satisfied by LICENSEE and its sublicensees. LICENSEE agrees to grant such sublicenses and to defer to the determination of LICENSOR that the health and safety needs of the public are not being reasonably satisfied.

11.2 This LICENSE is subject to the irrevocable, royalty-free right of the Government of the United States TO PRACTICE AND HAVE PRACTICED THE LICENSED INVENTION throughout the world by or on behalf of the UNITED STATES and by or on behalf of any foreign government or intergovernmental or international organization pursuant to any existing or future treaty or agreement with the Government of the United States. This irrevocable, royalty-free right of the Government includes (but is not limited to) (i) the right of the Government to grant to a third party a license to the LICENSED INVENTION(S), to perform research or development with or on behalf of the Government, and (ii) the right of the Government to procure the LICENSED INVENTION from a third party.

Article 12. PROSECUTION AND LITIGATION

12.1 LICENSOR shall diligently prosecute and maintain the LICENSED PATENT, and, if requested by LICENSEE and permitted by law and regulation, provide LICENSEE with copies of all relevant documentation. LICENSEE agrees not to disclose to others such documentation without prior written approval from LICENSOR.

12.2 Notwithstanding Article 9, any notice by LICENSEE pertaining to patent prosecution under this Article shall be addressed to:

Office of Naval Research
Office of Corporate Counsel (ONR BDCC)
One Liberty Center, Room 518
875 North Randolph Street
Arlington, VA 22203-1995

with copy to:

Office of Counsel
NSWC, Crane Division
300 HWY 361, Bldg 2, OOL
Crane, IN 47522

12.3 LICENSOR does not by granting this LICENSE transfer any property rights in the LICENSED INVENTION.

Article 13. GENERAL PROVISIONS

13.1 Governing Law

This LICENSE shall be governed by and construed in accordance with applicable UNITED STATES Federal Law, Regulations, Directives, and Instructions.

13.2 A waiver of any breach of any provision of this Agreement shall not be construed as a continuing waiver of other breaches of the same or other provisions of this Agreement.

13.3 The recitals contained hereinabove are merged hereinto and made part and parcel hereof.

13.4 In construing the terms and words of this Agreement the plain meanings thereof shall apply unless it can be demonstrated that such is a term of art.

13.5 Complete Agreement

This LICENSE constitutes the complete understanding and agreement between LICENSOR and LICENSEE and supersedes any prior understanding or written or oral agreement relative to the subject matter of this LICENSE.

13.6 Severability

The illegality or invalidity of any Article of this LICENSE shall not impair, affect, or invalidate any other Article of this LICENSE.

13.7 Interpretation of Headings

Headings of the Articles of this LICENSE are for convenience of reference only and do not form a part of this LICENSE and shall in no way affect the interpretation thereof.

13.8 Independent Parties/Entities

The relationship of LICENSOR and LICENSEE is that of independent parties and not as agents of each other, partners, or participants in a joint venture. LICENSOR and LICENSEE shall each maintain sole and exclusive control over their respective personnel and operations.

Exclusive Patent License Agreement No. 84497A
Between SAGE INTERNATIONAL, LTD. and the U.S. Department of Navy

Article 14. SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this LICENSE to be executed by their authorized representatives.

14.1 For **SAGE INTERNATIONAL, LTD.**

I, the undersigned, am authorized to bind **SAGE INTERNATIONAL, LTD.** to this LICENSE and do so by affixing my signature hereto.

Entered into this 10TH day of October 2007,

By: (b)(6)
(signature)

Typed Name: (b)(6)

Title: President

14.2 For the Department of the Navy

I, the undersigned, in accordance with 35 USC 209, am authorized to bind the United States Department of the Navy to this LICENSE and do so by affixing my signature hereto.

Entered into this 20TH day of Oct 2007,

By: (b)(6)
(signature)

Typed Name: (b)(6)

Title: Commander, Naval Surface Warfare Center, Crane Division

Appendix A

COMMERCIAL DEVELOPMENT PLAN Submitted by SAGE INTERNATIONAL, LTD.

Appendix B

LICENSED TERRITORY

1. UNITED STATES of America.